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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 000887

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TAGS: [PGOV](#) [PHUM](#) [ELAB](#) [PINS](#) [RP](#)

SUBJECT: CATHOLIC CHURCH MEDIATING VOLATILE LABOR DISPUTE

REF: A. MANILA 790

- [1](#)B. MANILA 734
- [1](#)C. 04 MANILA 5901
- [1](#)D. 04 MANILA 5552

Classified By: Political Officer Andrew McClearn for
Reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: The Catholic Bishop's Conference of the Philippines (CBCP) is actively attempting to mediate a complex labor dispute at Hacienda Luisita, a large sugar plantation located north of Manila owned by the Cory Aquino/Cojuangco family. The GRP's National Bureau of Investigation (NBI) has recommended that the Department of Justice (DoJ) file murder charges against nine policemen for their role in the November 2004 clash at the estate that left at least seven dead and dozens wounded. According to the Armed Forces of the Philippines (AFP), extremist leftist groups linked with the CPP/NPA are instigating the labor unrest. Observers hope that Catholic Church mediation can calm the situation down, but a quick solution is not in sight. End Summary.

Catholic Church Moves in

[1](#)2. (SBU) The CBCP is now actively attempting to mediate a complex labor dispute at Hacienda Luisita, a large sugar plantation located north of Manila owned by the Cory Aquino/Cojuangco family. (Note: See Refs C-D for details of the generations-old labor dispute, which sparked violence that left at least seven people and dozens injured in November 2004. Striking workers have demanded a raise in wages and reinstatement of workers fired for walking off the job. Management says it cannot afford to raise wages. End Note) Two key unions -- the Central Azucarera de Tarlac Labor Union (CATLU) and the United Luisita Workers Union (ULWU) -- and Hacienda Luisita's management began negotiations on February 21, 2005, with the CBCP helping facilitate the meeting and mediate the discussions.

[1](#)3. (C) Archbishop Capalla, the head of the CBCP, has confirmed that five meetings involving labor and management and the CBCP have taken place. Capalla publicly stated that &CBCP involvement in the Hacienda Luisita issue is purely pastoral,⁸ and he has made no predictions as to whether he believes CBCP mediation can resolve the dispute. Monsignor Hernando Coronel, the Secretary General of the CBCP, told Dep Polcouns that the CBCP would continue to mediate the dispute &as long as both sides want us to.⁸ He said that recent meetings had made clear that &there was no easy solution in sight.⁸ Moderate labor contacts have claimed that the government plans to press both sides to accept binding arbitration if CBCP mediation fails.

[1](#)4. (SBU) The large sugar refinery located at &Hacienda Luisita⁸ remains closed due to the strike. Contacts confirmed that the refinery may shut down in a semi-permanent fashion should the strike continue. (Note: If the factory is shut down in such a manner, it raises the prospect of a so-called &dead season,⁸ where uncut sugarcane goes unprocessed and is simply piled up in the vicinity of the mill to rot. Although the sugar operations remain closed, the tourist section of &Hacienda Luisita,⁸ which includes a museum, is open for visits. end note)

Who's to blame?

[1](#)5. (SBU) The NBI recommended to the DoJ on February 24 filing murder charges against nine policemen for their role in the November 15-16 clash at the estate that left at least seven dead (a drop from earlier estimates) and dozens wounded (see reftels). The NBI's report concluded that GRP security forces unlawfully killed strikers, and did not fire in self-defense, as some in the GRP have claimed. According to an NBI source quoted in the press, NBI investigators conducted many interviews and reviewed media footage of the events, and had "found incredible the accusation of anti-riot forces that striking workers fired their guns at them," largely because investigators saw no armed men among the strikers, and because no policemen were wounded by bullets.

16. (U) On December 15, 2004, the Commission on Human Rights (CHR) started a public inquiry into the clash. The CHR has not issued a final report as of yet.

Claims of Leftist Involvement

17. (C) According to AFP sources, "extremist leftist" groups linked with the Communist Party of the Philippines/New People's Army (CPP/NPA) are involved in instigating unrest at the estate. On January 22, the AFP Northern Luzon Command publicly declared the strike a matter of national security.⁸ The AFP said it had seized documents showing that the CPP/NPA had infiltrated the ranks of CATLU and ULWU, and were orchestrating the labor unrest. According to media reports, AFP sources discovered alleged rebel documents in the files of a laptop computer seized by the military after a 3-day gunfight with the NPA in Pura, Tarlac late last year. AFP forces subsequently clashed again with suspected NPA rebels on January 26 in Victoria, a town located just north of Hacienda Luisita in Tarlac, killing four suspected rebels and leading to the arrests of four others. According to labor contacts, the KMU -- a "radical" union with CPP/NPA links -- continues to send operatives to the Hacienda Luisita area (see ref A for details on the KMU).

Comment

18. (C) Observers -- including contacts in the mainstream labor movement -- hope that Catholic Church mediation can calm the situation down. The Church retains considerable influence in Philippine society and usually commands a great deal of respect. However, the long-standing nature of the conflict, apparent involvement of leftist groups, and a management group little inclined toward flexibility do not bode well for a quick solution. The most welcome recent news is that the NBI investigation did not result in a whitewash of the police role in the November clash, which would further have exacerbated tensions. The ball is now in the DoJ's court as to whether it will seek to prosecute the accused policemen. Given the high profile nature of this case, the DoJ will likely have to initiate at least some prosecutions, but such court cases will almost certainly drag on for years, in typical Philippine judicial style.

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